

EXHIBIT “A”



General Section (Applicable to all Lines of Business)

Epack: Extra Renewal Application

INSTRUCTIONS FOR COMPLETING THIS APPLICATION

Please read this application carefully. Complete Sections I, II and III along with the attached Renewal Application(s) for the coverages that are being renewed.

Applicants that answer "Yes" to questions asked below may require substantially different terms and conditions at renewal. Please provide detailed information to any questions answered "Yes" with in the space provided at the end of this application. In addition, please attach the documents requested in the Specify Attachments Sections.

1. a. The Applicant to be named in Item 1. of the Declarations (the Named Insured):

Professional Collection Consultants

Name of Subsidiaries that are applying for coverage:

Also Do Business As THE POST SERVICE COMPANY

Street Address (No P.O. Box):

6700 S. Centinela Blvd, 3RD Floor

City: Culver City

State: CA

Zip: 90230

Website:

WWW.PCC-CRS.COM AND WWW.TBSC.LA

- b. Within the past 12 months or during the next year does the Applicant plan on any actual or proposed merger, acquisition or divestiture? SEE ATTACHED

☐ Yes ☒ No

- c. Within the past 12 months or during the next year does the Applicant plan on creating or acquiring any new business, subsidiary or division?

☐ Yes ☒ No

- d. Total number of locations for the Applicant and its Subsidiaries?

(ONE)

If Directors & Officers Liability is purchased, attach most recent year end financial statements

; SEE ATTACHED EXHIBITS B+C

1. a. Within the last 12 months, has the Applicant's and any Subsidiaries' outside auditors stated that there are weaknesses in the Applicant's or any subsidiaries system of internal controls?:

☐ Yes ☒ No

2. As of the most recent fiscal year-end, please provide the following information for Applicant and Subsidiaries:

(SEE ATTACHED FINANCIALS)

Most recent Fiscal year-end as of:

Prior Fiscal year-end as of:

Total Assets: \$

Total Assets: \$

Total Long Term Debt: \$

Total Long Term Debt: \$

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General Section (Applicable to all Lines of Business)

Epack Extra Renewal Application

Total Liabilities: \$ _____	Total Liabilities: \$ _____
Total Equity: \$ _____	Total Equity: \$ _____
Total Revenue: \$ _____	Total Revenue: \$ _____ (Next Year): \$ _____
Net Income (Net Loss): \$ _____	Net Income (Net Loss): \$ _____
Total Pension Plan Assets: \$ _____	Total Pension Plan Assets: \$ _____

3. Within last 24 months, has the applicant's and any Subsidiaries' outside auditors:
- Stated that there are any weaknesses in applicant's system of internal controls?
 - Expressed doubt that the applicant or any Subsidiary will be able to continue to operate as a going concern? If yes, please provide the most recently audited financial statement.
4. Within the past 12 months, has the applicant or any Subsidiary changed its outside auditors?
5. Does the Applicant or any Subsidiary currently anticipate replacing its outside auditors? if yes, please attach details.
6. In the past 12 months, has the Applicant or any Subsidiary been in violation of any debt covenant?
7. In the past 12 months, has the Applicant or any Subsidiary filed for bankruptcy?

☐ Yes ☒ No

☐ Yes ☒ No

☐ Yes ☒ No

☐ Yes ☒ No

☐ Yes ☒ No

☐ Yes ☒ No

FRAUD NOTICE - Where Applicable Under the Law of Your State

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and may be subject to civil fines and criminal penalties (For DC residents only: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by applicant.) (For FL residents only: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.) (For LA residents only: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.) (For ME residents only: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.) (For NY residents only: and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.) (For PA residents only: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.) (For TN & WA residents only: Penalties include imprisonment, fines and denial of insurance benefits.) (For VT residents only: any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false or incomplete information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which may be a crime and may be subject to civil fines and criminal penalties.)

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Management Liability (EPL, D&O, Fiduciary, NSP)

Epack Extra Renewal Application

NOTICE

THE LIABILITY COVERAGE PARTS ARE WRITTEN ON A CLAIMS MADE BASIS, AND AS SUCH, TO ALL PROVISIONS, APPLIES ONLY TO ANY CLAIM FIRST MADE DURING THE POLICY PERIOD. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES. DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTION. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Y REQUESTED LIMITS OF COVERAGE: \$1,000,000 per occurrence, \$1,000,000 aggregate

Please answer this question only if the Applicant is applying for limits of insurance that exceed the expiring coverage currently written with CNA:

General Liability	\$	\$
Product Liability	\$	\$
Professional Liability	\$	\$
Directors and Officers Liability	\$	\$

None of the individuals to be insured under any Coverage Part (the "Insured Persons") have a basis to believe that any wrongful act, event, matter, fact, circumstance, situation, or transaction, might reasonably be expected to result in or be the basis of a future claim?

☐ Yes ☒ No

Without prejudice to any other rights and remedies of CNA, any claim arising from any facts, circumstances or situations required to be disclosed is excluded from the portion of any renewal limit of liability that exceeds the expiring limit of liability in the proposed insurance.

PLEASE COMPLETE THE QUESTIONS BELOW FOR THE LINES OF COVERAGE THAT THE APPLICANT IS RENEWING

Y REQUESTED LIMITS OF COVERAGE: \$1,000,000 per occurrence, \$1,000,000 aggregate

- a. Over the past 12 months has there been any change in the Board of Directors or senior management? ☐ Yes ☒ No
- b. Has there been any changes in the number of shareholders; shareholders that own(ed) greater than a 10% interest within named company? ☐ Yes ☒ No
- c. Over the last 12 months has the Applicant or any subsidiary conducted, or during the next 12 months does the Applicant or any subsidiary plan on conducting, any private or public debt or equity offering of securities, including a crowdfunding transaction? ☐ Yes ☒ No

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WW 000003



Management Liability (EPL, D&O, Fiduciary, NSP)

Epack Extra Renewal Application

1. Applicant and Subsidiary Employee Information:

a. Total Number of Employees: Current: 41 1 Year ago: 23 2 Years ago: 20Of the Current total, how many Employees are located in California? 100%(SEE Acquisition
TBSC Explanation)

b. Total Number of Employees in the following categories:

Full Time	Part time	Leased and/or Licensed	Temporary or Seasonal	Foreign Based	Union	Independent Contractors
<u>36</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

c. What percentage of Employees have salaries (including bonuses):

Less than \$50,000	\$50,000 to \$100,000	\$101,000 to \$250,000	Greater than \$250,000
<u>90%</u>	<u>5%</u>	<u>5%</u>	<u>0%</u>

d. How many Employees, including Executives, have been involuntarily terminated in the past two years?

Employees	Executives
<u>1</u>	<u>0</u>

e. For each of the most recent years, what has been the Applicant's annual turnover rate of employees?

Year: 2012	Year: 2013
<u>~10%</u>	<u>~10%</u>

f. Total number of employees in the top 4 operating state(s) or foreign country(ies) by employee count and the percentage of the Applicant's employee base:

<u>California</u>	<u>100</u> %		%
	%		%

2. Has an attorney with expertise in employment and labor law updated the Applicant's employee handbook, human resources documents, guidelines, or procedures in last 12 months?

☒ Yes ☐ NoIf Yes, please provide Details: Updated 3-1-13 At Time of Acquisition of The Best Service Co.

3. During the past 12 months has the Applicant or any Subsidiary made any additions or amendments to any Human Resources policies, procedures or employee handbook?

☒ Yes ☐ No

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Management Liability (EPL, D&O, Fiduciary, NSP)

Epack Extra Renewal Application

If Yes, please provide Details. Same Response As ABOVE

4. Has the Applicant or any Subsidiary had any layoffs, staff reductions, facility closings and/or any other increase or decrease to the employment count of more than 10%; or are any planned over the next 12 months?

→ As Result of Acquisition 3-1-13
☒ Yes

5. Have persons supervising employees receive updated information and training on human resource policies including performance appraisals, discipline or workplace harassment in the last 12 months?

☒ Yes ☐ No

If Yes, please provide Details. Members of Corp. Assoc. of Employees
Also Seminars + Conferences re: HR

1. Please provide the following details:

N/A

2. Was a disparate impact analysis completed? ☐ Yes ☒ No
3. Did the Applicant consult with outside counsel familiar with employment and labor law regarding the reduction in workforce? ☐ Yes ☒ No
4. Is the Applicant in compliance with all applicable provisions of the Worker Adjustment and Retraining Notification (WARN) Act? ☐ Yes ☒ No
5. Does the applicant have a formal out-placement program for employees terminated as a result of downsizing, layoffs or reduction-in-force? ☐ Yes ☒ No
6. Was or will severance compensation (be) available to all affected employees? ☐ Yes ☒ No
7. Were or are the affected employees required to sign a release for the severance package? ☐ Yes ☒ No
- a. If yes, did any employees refuse to sign the release? ☐ Yes ☒ No
- b. Were the releases compliant with the Older Worker Benefit Protection Act? ☐ Yes ☒ No

Specific Attachments Instructions

Most recent EEO1 Report (if required under federal law)

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Management Liability (EPL, D&O, Fiduciary, NSP)

Epack Extra Renewal Application

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1. Please indicate the type of plans for which insurance is requested.

401K	THE EXCESS PLAN	\$ 837,729.17	
	MGT TRUST		

*Plan Types: DB = Defined Benefit DC = Defined Contribution W = Welfare Benefit
 E = ESOP (Employee Stock Ownership Plan) K = KSOP O = Other

2. Applicant Employer Identification Number (EIN) _____

3. Does any plan hold employer securities or offer an investment in employer securities?

☐ Yes ☒ No

If Yes, please complete the ESOP/KSOP Questionnaire and submit with the required additional information listed below.

4. During the past 24 months or during the next 12 months has (will) any plan for which coverage is requested:

- a. Not conform with the standards of eligibility, participation, vesting and other provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended or similar laws? ☐ Yes ☒ No
- b. Been (be) terminated, suspended, merged, dissolved or converted to a cash balance? ☐ Yes ☒ No
- c. Been (be) any amendment to a plan that has resulted in a reduction of benefits? ☐ Yes ☒ No
- d. Been the subject of an investigation by the Department of Labor (DOL), Internal Revenue Service (IRS) or any other domestic or foreign agency? ☐ Yes ☒ No
- e. Had (have) any outstanding or delinquent plan contributions? Or are any plan loans, leases or debt obligations considered uncollectible or in default? ☐ Yes ☒ No
- f. Had (have) any assessment of fees, fines or penalties under a voluntary compliance resolution program or similar voluntary settlement program administered by the IRS, DOL or other government authority against any plan? ☐ Yes ☒ No

If any of the questions above are answered "Yes", please attach details.

Please attach the most recent audited financial statements for Applicants meeting any of the following conditions:

- Request for Fiduciary policy limits over \$3,000,000
- If the Applicant sponsors a Defined Benefit Plan, ESOP, KSOP or plan that holds/invests in employer securities

Please attach the following if the Applicant sponsors an ESOP, KSOP or plan that holds/invests in employer

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Management Liability (EPL, D&O, Fiduciary, MSP)

Epack Extra Renewal Application

securities:

- Completed ESOP / KSOP Questionnaire
- Most recent 5500 and plan audited financial statements
- Most recent Independent Actuarial Valuation of the employer stock (complete copy)
- Most recent audited annual financial statements of Applicant

PERSONAL SECURITY & PROTECT

- a. During the past year, has there been any changes regarding the security and protection for Applicant's Facility and Network?

☐ Yes ☒ No

If Yes

- (i) Has the Applicant experienced a Security Breach?

☐ Yes ☒ No

Specific Attachments Instructions

Please provide audited financials for limits greater than \$1M or assets that exceed \$50M

Within the space provided, please provide full details to any of the questions in which you answered "Yes".

Please complete only if the Applicant is requesting an increase in their current limit of insurance. This Application must be signed by the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President or by the General Counsel.

Signed: _____

Title: _____

Corporation: _____

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Management Liability (EPL, D&O, Fiduciary, NSP)

Epac Extra Renewal Application

Date:

2-7-2014

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WW 000008

Exhibit (A) 1 of 2

Summary of acquisition that will occur during the upcoming policy period:
02-2013 to 02-2014.

Professional Collection Consultants is owned by the following individuals:

Donald Hopp	-	33%
Carol Hopp	-	33%
Todd Shields	-	34%

The same shareholders are presently in escrow to purchase a company by the name of The Best Service Co., Inc. The scheduled close of escrow is February 28, 2013. Upon completion of the close of escrow, The Best Service Co. will be relocated to our current facility of 5700 S. Centinela Blvd, Culver City, CA 90230.

Approximately 25 staff members of The Best Service Company will become employees of Professional Collection Consultants after the close of escrow. Therefore, please be advised, that the number of employees referenced on the application will increase effective 3-1-2013.

The Best Service Co. Inc. presently has an EPL policy. In accordance with the Stock Purchase Agreement, the current owner of The Best Service Co. will indemnify and hold the above referenced purchasers harmless for acts that have occurred under his ownership.

The officers and directors of Professional Collection Consultants will be the officers and directors of The Best Service Company.

COMPLETED : (3-1-2013)

Finalized

WW 000009



EXHIBIT (A) 2 OF 2

THE BEST SERVICE COMPANY

6700 S. CENTINELA AVENUE • THIRD FLOOR • CULVER CITY, CA 90230 • 310.477.0471 FAX: 310.477.7694

May 8, 2013

Dear valued clients,

We are writing today to provide our clients with some very exciting news about The Best Service Co., Inc. On February 28, 2013, we formally completed a merger/acquisition with another organization, Professional Collection Consultants.

As you may recall, The Best Service Co., Inc. was founded in 1931 and since that time has been in operation as a family owned business. Similarly, Professional Collection Consultants is also a family owned business and has been in operation since 1971. The individuals involved are Todd Shields, Donald Hopp, and Carol Hopp. A new Organizational Chart has been included for your convenience.

The business will continue to be operated as The Best Service Co., Inc., and Roger Milstein will continue to be a vital part of the organization. We have worked diligently together for the past 8 months to assure a smooth and transparent transition for our clients.

The decision to move forward with the merger/acquisition was carefully considered and will be a very positive step in every way. We will be equipped to provide better and more diverse services to our clients. The union of the two companies creates far more financial strength, and by combining the strongest of staff members we have created an exceptional, knowledgeable, dedicated team of collection professionals.

We thank you for your continued support and confidence in The Best Service Co., Inc. over the years. We are confident that this transaction will create opportunity for growth, diversification, enhanced customer service and increased collection results. The merged company has extensive experience in many collection markets, debt purchasing, and a strong legal department with vast experience in collection litigation and post judgment recovery.

On March 18, 2013, we moved our office to: 6700 S. Centinela Ave., Third Floor, Culver City, CA 90230. The mailing address is P.O. Box 45405, Los Angeles, CA 90045. Our existing phone and fax numbers will continue to operate as usual.

Todd Shields will serve as President of the merged company and he will be working in collaboration with Roger Milstein as the company moves forward. We will be scheduling meetings and conference calls in the near future to answer any questions that you may have and discuss some of our improved collection strategies.

Again, we thank you for your continued support, confidence and trust.

Very truly yours,

THE BEST SERVICE CO., INC.

Todd Shields
310-477-0471 ext. 137
todd@tbsc.la

Roger Milstein
310-477-0471 ext. 159
rogerm@tbsc.la

WW 000010

EXHIBIT (B)

1 of 3

COMBINED BALANCE SHEET
WIRELESS RECEIVABLES ACQUISITION GROUP, LLC;
PROFESSIONAL COLLECTION CONSULTANTS, INC.;
PROFESSIONAL COLLECTION CONSULTANTS OF NEVADA, LLC;
MID VALLEY COLLECTION BUREAU, INC.; and
IMPERIAL MERCHANT SERVICES, INC., d/b/a
CHECK RECOVERY SYSTEMS

June 1, 2013

ASSETS:

CASH:

WIRELESS:

Bank of America of California	\$ 39,315.34
Bank of Glenwood, Iowa	\$ 100,000.00
Mutual Bank of Omaha C.D.	\$ 250,000.00
Wells Fargo Bank CD	\$ 250,000.00
Mutual Bank of Omaha Checking	\$ 909,644.95
Baird and Company	\$3,000,000.00

PCC OF NEVADA:

Mutual Bank of Omaha Money Market	\$ 100,000.00
General Account	\$ 2,532.81
Trust Account	\$ 9,124.57

PCC:

Bond Undertaking	\$ 30,000.00
Wells General Account	\$ 453.12
Wells Legal Account	\$ 645.92
Wells Payroll Account	\$ 661.34
DEPOSIT CLEARING ACCOUNT	\$ 359,375.76

CRS:

General Account	\$ 1,212.75
Accounts Receivable	\$ 62,671.68

MID-VALLEY:

General Account	\$ 25.65
Mid Valley Trust Account	\$ 993.96

TOTAL CASH:

\$ 4,757,612.09

EXHIBIT (B)
2 of 2

REAL ESTATE:

OWNED BY WIRELESS

20 R.E.O. Properties	\$ 404,413.25
14 Unit Apartment Complex	\$ 176,457.75

TOTAL REAL ESTATE	\$ 580,871.00
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NOTES RECEIVABLE:

TO MID-VALLEY:

Promissory Note Secured by Deed of Trust	\$ 200,000.00
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TO WIRELESS RECEIVABLES:

12 Performing Real Estate Loans	\$1,989,886.62
NOTE DUE FROM PCC	\$1,187,808.52
NOTE DUE FROM PCC OF NEVADA	\$ 100,000.00

TOTAL NOTES RECEIVABLE	\$3,477,695.14
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INVENTORY OF OWNED, DELINQUENT ACCOUNTS:

WIRELESS

(1,581,199 accounts having a total balance due of \$1,281,144,307) estimated value	\$51,245,772.28
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TOTAL OWNED ACCOUNTS	\$51,245,772.28
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FURNITURE AND FIXTURES:

PCC:

Data Processing:	\$150,000.00
Telephones:	\$ 50,000.00
Printers and Copiers	\$175,000.00
Software	\$225,000.00
Desks and Furniture	\$250,000.00

TOTAL FURNITURE AND FIXTURES	\$850,000.00
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TOTAL ASSETS:	\$60,911,950.51
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Exhibit (B)
3 of 3

LIABILITIES:

NOTES PAYABLE:

NOTE DUE FROM PCC OF NEVADA	\$ 100,000.00
NOTE DUE FROM PCC	\$1,187,808.52
TOTAL NOTES PAYABLE	\$1,287,808.52

LIABILITIES PAYABLE:

PCC 401K PAYABLE	\$ 225.00
TOTAL LIABILITIES PAYABLE:	\$ 225.00
TOTAL LIABILITIES	\$ 225.00

TOTAL LIABILITIES	\$1,288,183.52
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SHAREHOLDER EQUITY	\$59,623,541.99
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10:41 AM
02/05/14
Accrual Basis

Exhibit (C)
The Best Service Co., Inc
Balance Sheet
As of November 30, 2013

1 OF 2

	<u>Nov 30, 13</u>
ASSETS	
Current Assets	
Checking/Savings	
Client Trust Accounts	158,209.75
Operating Accounts	13,980.27
Total Checking/Savings	<u>182,190.02</u>
Accounts Receivable	
Accounts Receivable	5,439.79
Total Accounts Receivable	<u>5,439.79</u>
Other Current Assets	
Undeposited Funds	-1,149.16
Total Other Current Assets	<u>-1,149.16</u>
Total Current Assets	<u>186,480.65</u>
Other Assets	
Vendor Deposits	10,700.00
Total Other Assets	<u>10,700.00</u>
TOTAL ASSETS	<u><u>197,180.65</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	42,117.57
Total Accounts Payable	<u>42,117.57</u>
Other Current Liabilities	
Due PCC	73,738.58
Total Other Current Liabilities	<u>73,738.58</u>
Total Current Liabilities	<u>115,856.15</u>
Total Liabilities	<u>115,856.15</u>
Equity	
Opening Balance Equity	18,790.66
Net Income	62,533.84
Total Equity	<u>81,324.50</u>
TOTAL LIABILITIES & EQUITY	<u><u>197,180.65</u></u>

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10:41 AM
02/05/14
Accrual Basis

EXHIBIT (C)
The Best Service Co., Inc
Profit & Loss
March through November 2013

(2 of 2)

	<u>Mar - Nov 13</u>
Ordinary Income/Expense	
Income	
Gross Collections	124.00
Income	<u>2,001,804.06</u>
Total Income	2,001,828.06
Expense	
401-k Admin	57.44
Advertising and Promotion	7,969.03
Attorney Fees- Out of State	2,402.50
Bank Service Charges	53,469.27
Business Licenses and Permits	54,887.69
Commission Due	19,648.37
Computer and Internet Expenses	134,533.72
Continuing Education	678.68
Dues and Subscriptions	1,063.75
Employment Screening	4,766.72
Equipment Lease	2,882.59
Insurance Expense	115,390.65
Janitorial Expense	2,929.06
Legal Expenses	169,670.86
Letters-RevSpring	69,462.52
Meals and Entertainment	1,348.84
Miscellaneous Expense	3,243.03
Office Supplies	7,481.85
Parking	3,518.00
Payroll Expenses	1,030,789.03
Payroll Processing	82.55
Penalty Expense	2,750.00
Postage and Delivery	15,469.97
Printing and Reproduction	1,506.23
Professional Fees	31,087.36
Relocation	8,548.17
Rent Expense	73,348.02
Repairs and Maintenance	4,660.38
Research	59,086.07
Security Services	695.31
Taxes - Property	788.33
Telephone Expense	49,647.73
Travel Expense	2,909.27
Utilities	12,987.46
Total Expense	<u>1,939,394.22</u>
Net Ordinary Income	<u>62,533.84</u>
Net Income	<u><u>62,533.84</u></u>

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WW 000015